

Addressing College Affordability in the FY2022 Budget Reconciliation

NCAN supports a two-part federal policy approach for addressing the current [college affordability crisis](#): doubling the Pell Grant and creating a federal-state partnership. Doubling the [Pell Grant](#) achieves the goal of returning the award's purchasing power to 50% of the annual cost of tuition, fees, room, and board at a four-year public institution for in-state students. Creating a [federal-state partnership](#) incents states to remain invested in higher education rather than passing all responsibility to the federal government. NCAN recommends coupling a federal-state partnership with doubling the Pell Grant to maintain state investment and provide additional support to help students from low-income backgrounds to close the financial aid gap of pursuing a postsecondary education.

Given the [priorities](#) laid out by Senate Democrats, both of these approaches will be crucial proposals considered during the discussion of the FY2022 budget reconciliation process. ***As Congress considers the forthcoming budget reconciliation bill, NCAN strongly urges that it meets President Biden's [American Families Plan](#) request to increase the maximum Pell Grant award by \$1,475.***

Further, NCAN encourages a federal-state partnership – particularly one modeled as free college – that is designed with careful contemplation of equity issues including a focus on the needs of NCAN's target population students, a recognition of the challenge in ensuring positive outcomes for all students, and the ability to help students meet the full cost of attendance by supplementing, not supplanting, federal student aid. Specifically, ***NCAN recommends a federally-directed free college program should:***

- Be implemented as a first-dollar program that covers all tuition and fees before applying federal or other state grant aid and allow other grant aid to be used for non-tuition and fee expenses,
- Fund public, in-state institutions as priority and extend to private, non-profit institutions if possible,
- Support the participation of low- and middle-income students by retaining a need-based element in the participation requirements if program participation must be limited for cost purposes,
- Include both associate's and bachelor's level degrees,
- Include both dependent and independent students of any age,
- Include both full-time and half-time students,
- Allow at least 150% of degree length for program participation, and
- Require a Maintenance of Effort (MOE) agreement with each state to maintain their investments in their higher education system and their need-based aid programs.

As this federal-state partnership investment is likely to be developed from the America's College Promise Act of 2021, NCAN recommends the following feedback to Congress for its consideration. While the current legislation includes asset areas that match the framework above, there is opportunity for improvement to ensure that all students have access to the degree of their choice, receive the aid for which they are qualified, and pursue their studies through to completion. ***NCAN respectfully suggests the following changes to the America's College Promise Act.***

1. Expand Access to bachelor's degree Programs in Title I of ACP

NCAN strongly recommends changes or additions to the ACP proposal to allow for more opportunities for students to pursue bachelor's degrees. As written, there are two options for students to participate in America's College Promise and still pursue a bachelor's degree: students can either receive a tuition-and-fee-free associate's degree and then transfer to complete their final two years of coursework for their bachelor's degree, or they can earn 60 credits of free/discounted tuition at a minority-serving institution in pursuit of a bachelor's degree. Students from low-income backgrounds "were

half as likely as their higher-income peers to have transferred to a four-year institution (24% vs. 40%) and to have attained a bachelor's degree (10% vs. 21%) within six years of first entry," according to the National Student Clearinghouse. Further, students from low-income backgrounds are 50% more likely to get an associate's degree or certificate than a bachelor's degree. Conversely, students from higher-income backgrounds are 4 times more likely to get a bachelor's degree or more than an associate's or certificate ([NCAN calculations](#)).

Students from low-income backgrounds are already overrepresented at two-year institutions and should not be placed on the most complicated path to a bachelor's degree if that is their chosen educational path. Therefore, NCAN recommends the following changes to ACP to increase access to bachelor's degrees:

- Allow states the option to add public four-year institutions and private, non-profit institutions to their free tuition and fees commitment in Part J Subpart 1 if the states can meet the financial obligation to free tuition and fee commitment for all campuses.
- Allow Pell Grant-eligible students wishing to pursue a bachelor's degree to use the federal grant FTE match amount as a transportable grant in combination with their Pell Grant at any public institution. These additional funds would not reduce a participating student's Pell Grant total.
- Require states to use at least half of remaining grant funds towards reducing the unmet need of Pell Grant-eligible students at public four-year institutions of higher education. This provision would be a change to the Additional Uses provision (Sec 499E).

2. Require States or Institutions to Notify Participants about Aid through FAFSA

NCAN recommends that students participating in a free college program through Title I of ACP should receive information about the federal and state financial aid available through filing the FAFSA. This requirement for outreach should be added to Sec 499D Program Requirements. Implementation could happen at either the state or institutional levels. State contacts would conduct outreach to each student participating in the program who does not have an ISIR on file with the state. Institutions of higher education would contact each of their students who do not have a FAFSA on file.

Students who are drawn to this program by the "free" title may not consider other sources of financial aid. However, this could mean missing out on the Pell Grant or other need-based aid that could be used for books, transportation, and living expenses. Given the growing number of students struggling with basic needs, ensuring that those participating in the free college program are accessing all benefits available to them should be a top priority.

3. Set Implementation Dates for Title II - Student Success Fund before Title I - America's College Promise

NCAN strongly supports the Student Success Fund and its focus on improving student outcomes, particularly regarding transfer and completion. Title I of the ACP requires a transfer articulation agreement within states as well as advising availability to all students about transfer. Given the importance of increasing community college graduation rates and increasing the rate and ease of transfer from community college to four-year institutions, *NCAN recommends fast-tracking the implementation of the Student Success Fund so that colleges can be student ready when the free community college program begins.*

NCAN acknowledges that the college affordability crisis is urgent and growing. However, the magnitude of the free college program and the necessity of students entering and succeeding in higher education means the program's success will largely depend upon its implementation. Instituting the Student Success Fund first will prepare institutions for the likely influx of students while also supporting those already enrolled in college.